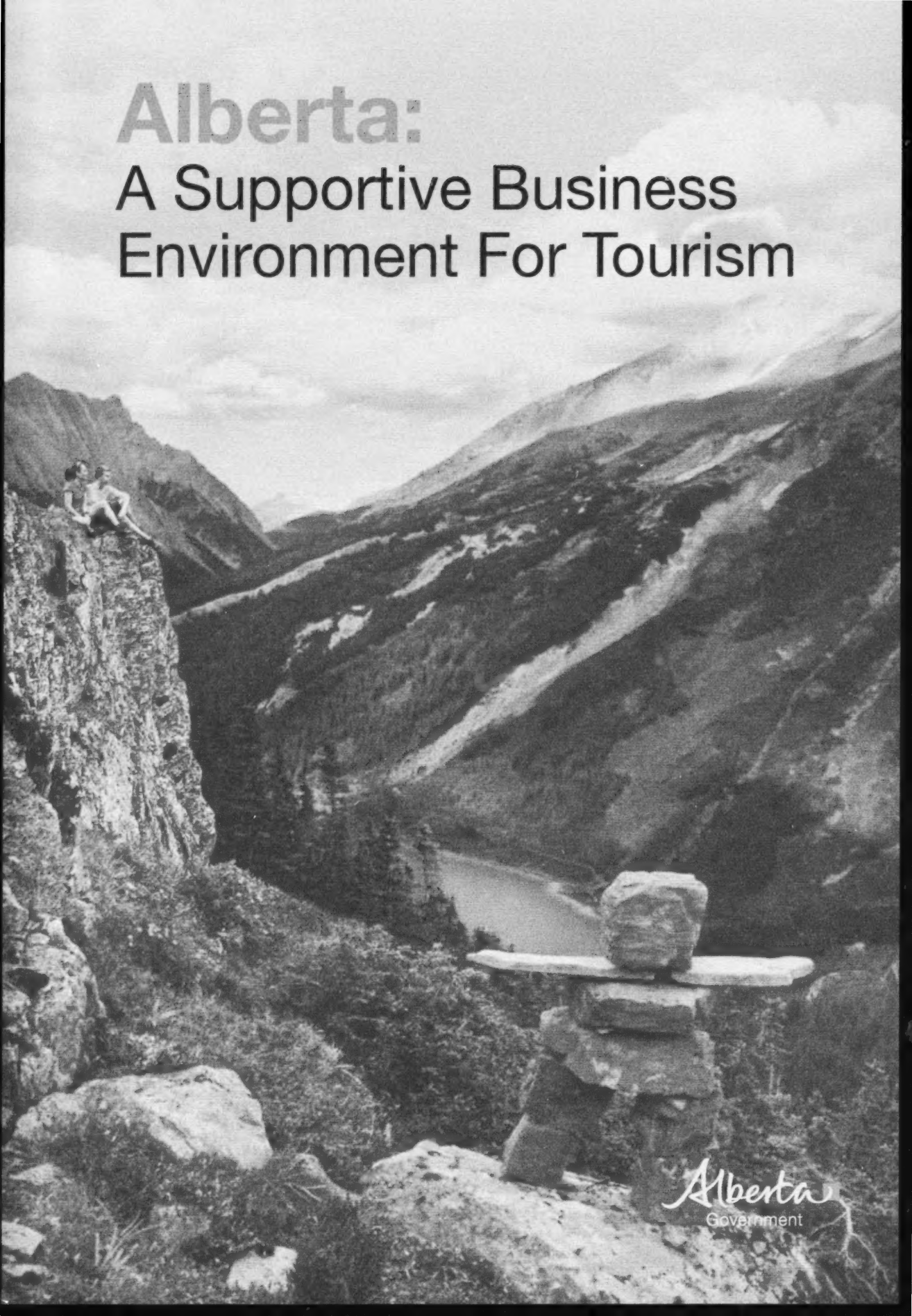
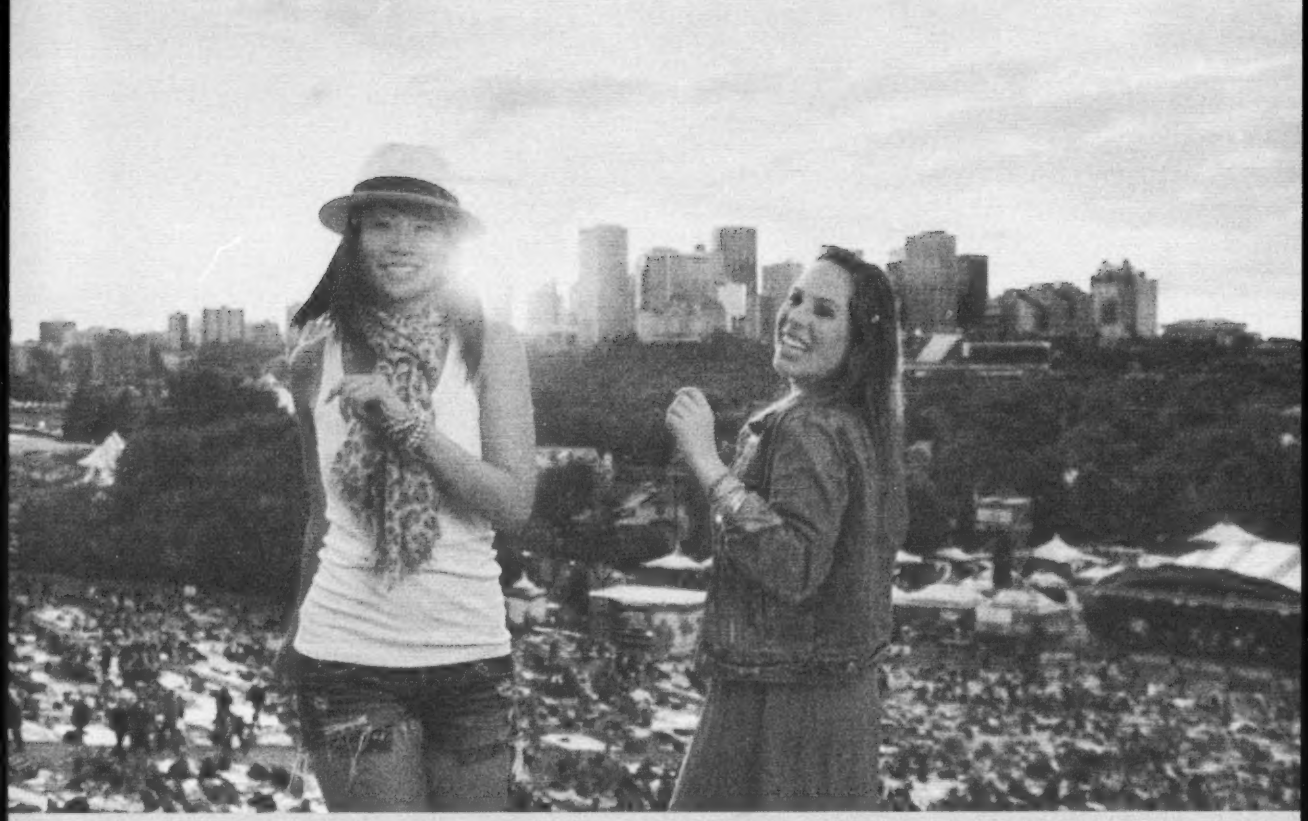
Alberta:
A Supportive Business Environment For Tourism





Introduction

The Government of Alberta (GOA) recognizes the important role that tourism plays in the provincial economy. A number of its programs and services are focused on facilitating the development of new and enhanced tourism experiences and destinations. It produces information and undertakes initiatives that assist developers and investors in identifying tourism investment opportunities that exist within the province.

Alberta's Tourism Framework will support and focus the tourism industry by creating compelling, authentic tourism experiences that will grow Alberta as a leading tourism destination. It actively encourages entrepreneurial investment in traveller-focused development of innovative tourism experiences, destination renewal, and new destination areas through new collaborative partnerships with regions, communities and industry stakeholders. This approach will create and enhance traveller-focused experiences around the province by identifying and prioritizing areas holding high tourism value.

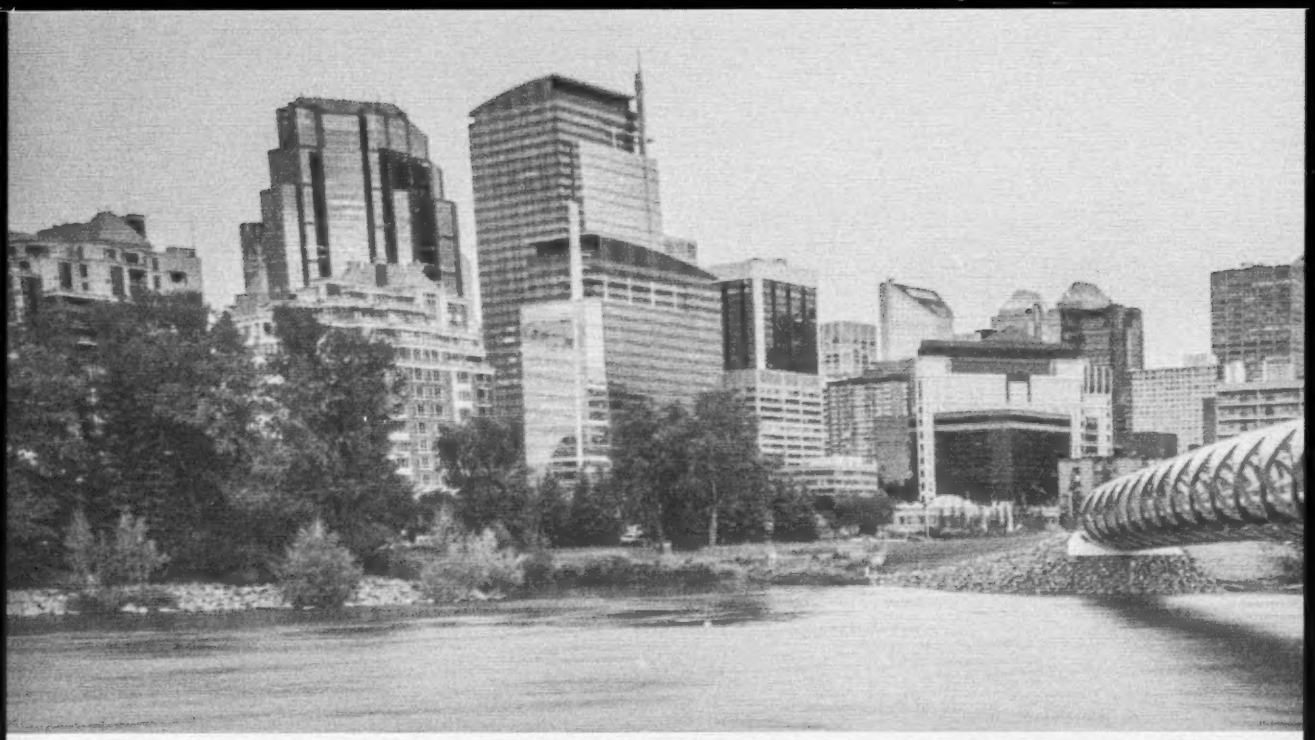
This booklet provides information about Alberta's business environment and the economic climate that supports investment opportunities in Alberta's tourism sector. The booklet supports one of the key objectives of Alberta's Tourism Framework, which is the Government of Alberta's role in facilitating access to capital for the tourism industry.

Overview of Alberta

Alberta is Canada's second most western province, with borders touching the Canadian Rocky Mountains to the west, the vast prairies to the east, the United States to the south and the Canadian arctic to the north. Alberta is blessed with a range of natural attractions, including a variety of lakes and rivers; prairie landscapes; forested areas; and rich paleontological areas. The province has a diversity of provincial parks and recreation areas, and features some of Canada's most popular national parks, including Banff and Jasper National Parks, which are visited by tourists from all over the world.

Its two major cities are Edmonton and Calgary, both of which have metro populations in excess of 1 million people. The province is supported with a modern and well-maintained transportation infrastructure, including an extensive highway system that extends throughout the entire province and international airports located in Calgary, Edmonton, and Fort McMurray.

In addition, rural Alberta has vibrant and sustainable communities where individuals, families, organizations, businesses and governments are vital contributors to the growth, prosperity and quality of life that Albertans enjoy. There are many great attractions in these areas, as visitors will find a wide range of unique experiences including dinosaur digs, world-class fishing, teepee camping trips, PGA caliber golfing, cross-country and downhill skiing, and much more.

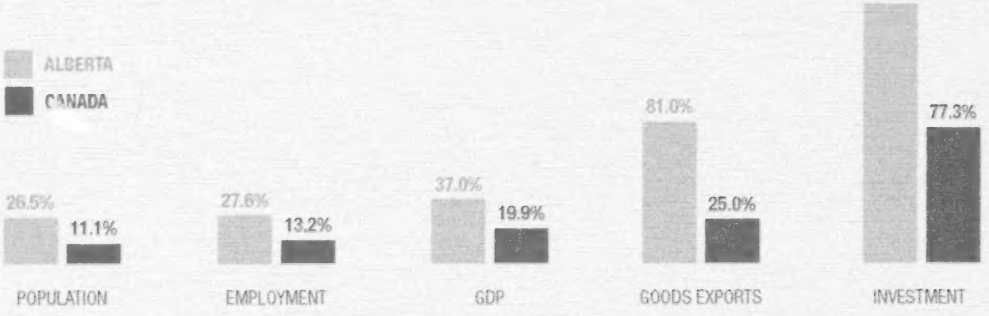


Alberta's Economy

Alberta led all of Canada in average annual economic growth over the last 20 years. From 1985 to 2013, total GDP in Alberta grew from $67.6 billion to $331.9 billion. Over a span of one year, Alberta's population increased by 3.5% to reach just over 4 million as of July 2013. Alberta's population growth rate is the highest among all provinces, and well above the national average of 1.2%.

GROWTH IN SELECTED INDICATORS (2003 - 2013)
% CHANGE

SOURCE: STATISTICS CANADA AND ALBERTA INNOVATION AND ADVANCED EDUCATION

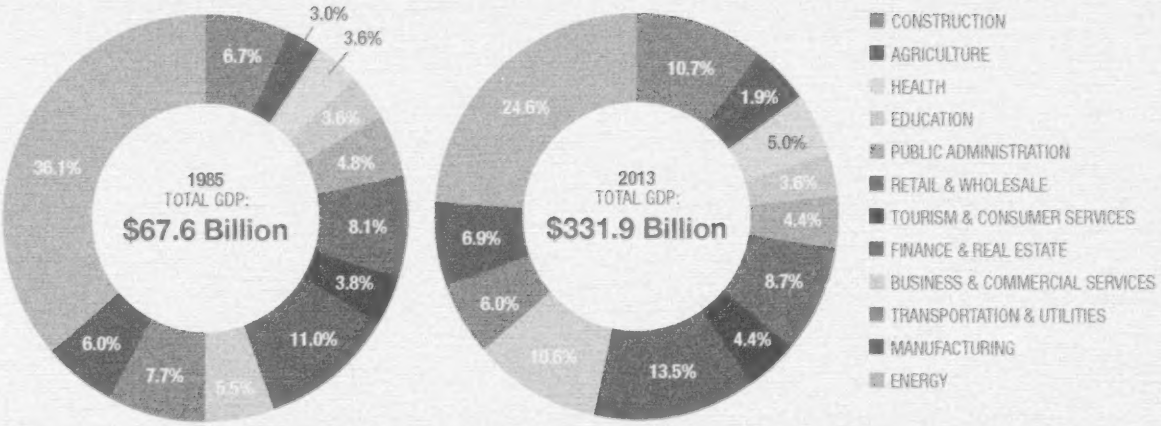


The reasons for Alberta's strong economic position include:

- Alberta's diverse economy provides the broad-based growth that is crucial to sustaining stable, long-term economic growth.
- Energy accounts for about one-quarter of the province's Gross Domestic Product (GDP).
- Other sectors have shown considerable growth over the past two decades. From 1985 to 2013 the following non-energy sectors grew:
  - construction sector from 6.7% share of GDP to 10.7%;
  - finance and real estate sector from 11.0% to 13.5%; and
  - business and commercial services sector from 5.5% to 10.6%.

ECONOMIC DIVERSITY
% DISTRIBUTION OF GDP

SOURCES: STATISTICS CANADA; ALBERTA TREASURY BOARD AND FINANCE; AND ALBERTA INNOVATION AND ADVANCED EDUCATION



Alberta's labour force consists of a significant number of well-educated workers. Alberta's education system provides a learning environment conducive to economic and social success and encourages an environment that supports the pursuit of life-long learning. The only index of its kind in the world, the Canadian Council on Learning's Composite Learning Index (CLI) combines data based on 17 indicators and 25 specific measures that look at the learning environment. Indicators range from access to on-the-job-training, early childhood development programs, access to resources such as libraries, and exposure to sports, media, recreation and cultural events.

In 2010, Alberta's CLI was the highest among the Canadian provinces, with an index of 82. This represented a three percentage point advantage over second-ranked Ontario, and a seven percentage point advantage over the Canadian CLI.

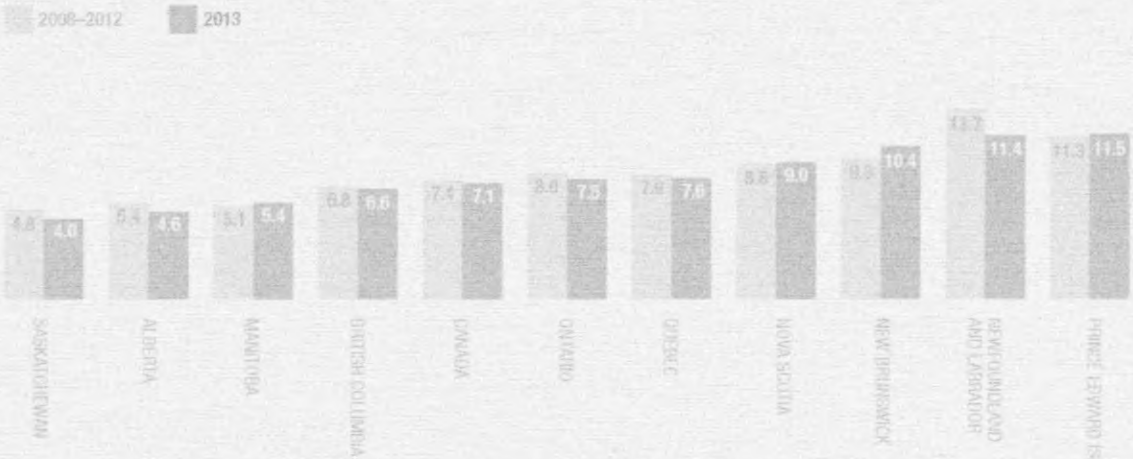
From 2008-2012, Alberta's unemployment rate has been one of the three lowest of all the provinces in Canada. While the recent global recession resulted in increases in unemployment, Alberta's labour market has since recovered with an unemployment rate of 4.6% in 2013, well below the national average. Employment opportunities are expected to continue to grow as stronger economic growth resumes in Alberta.

COMPOSITE LEARNING INDEX (2010)

SOURCE: CANADIAN COUNCIL ON LEARNING

UNEMPLOYMENT RATES (%) BY PROVINCE: 2008–2012 (AVERAGE) AND 2013

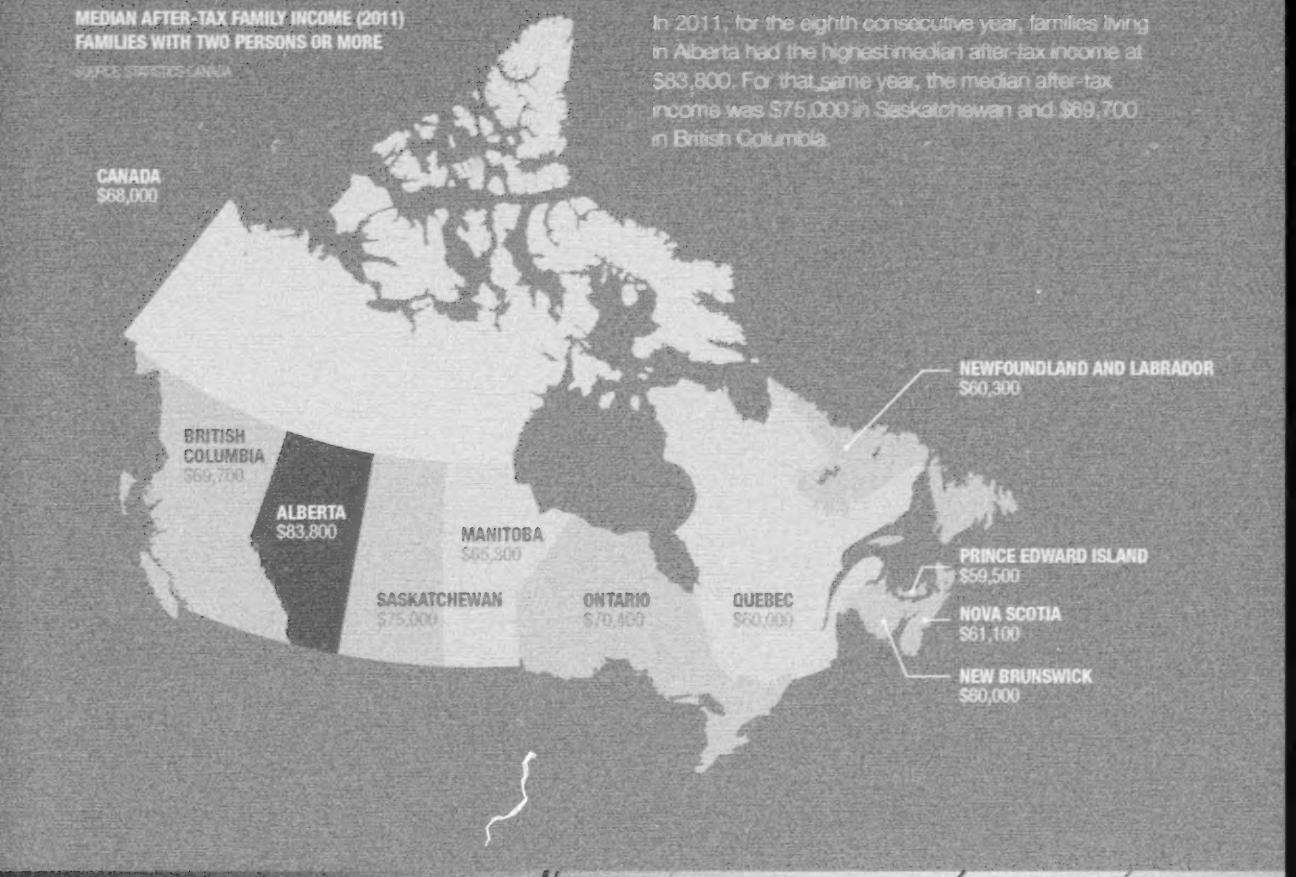
SOURCE: STATISTICS CANADA



MEDIAN AFTER-TAX FAMILY INCOME (2011)
FAMILIES WITH TWO PERSONS OR MORE

SOURCE: STATISTICS CANADA

In 2011, for the eighth consecutive year, families living in Alberta had the highest median after-tax income at $83,800. For that same year, the median after-tax income was $75,000 in Saskatchewan and $69,700 in British Columbia.



Attractive Investment Climate

- Alberta continues to lead Canada in per capita investment.
- In 2013, per capita investment in Alberta was $27,617, more than twice the national average of $11,342.

PER CAPITA INVESTMENT (2013)

SOURCES: STATISTICS CANADA AND ALBERTA INNOVATION AND ADVANCED EDUCATION

- Over the past 10 years, Alberta's financial services industry has experienced exceptional growth fuelled by high levels of capital investment in Alberta's energy sector. From 2003 to 2013, Alberta experienced the highest percentage increase in Financial Services Employment (36.9%) and Financial Services GDP (64.0%), well above the national average.

FINANCIAL SERVICES EMPLOYMENT GROWTH (2003–2013)
% INCREASE IN EMPLOYMENT

SOURCE: STATISTICS CANADA

FINANCIAL SERVICES GDP GROWTH (2003–2013)
% INCREASE IN GDP

SOURCE: STATISTICS CANADA

Competitiveness and Entrepreneurship

In 2013, labour productivity in Alberta's business sector was the second highest in Canada. The total value added per hour worked in Alberta exceeded the Canadian average by about 44%. In 2010, the *Alberta Competitiveness Act* was passed. The Act aims to better coordinate the efforts of government and industry to ensure the province remains one of the most competitive jurisdictions in the world.

BUSINESS SECTOR LABOUR PRODUCTIVITY (2013)
REAL GDP PER HOUR WORKED, IN 2007 CONSTANT DOLLARS

SOURCE: STATISTICS CANADA

Alberta's dynamic and innovative business climate is evident by the growth in the number of small businesses. From 2003 to 2013, Alberta enjoyed an increase of 18.5% in the number of small business establishments (business establishments with less than 50 employees), the highest percentage change in western Canada and well above the national average.

SMALL BUSINESS – CORNERSTONE OF THE ECONOMY (2003 – 2013)
% CHANGE IN SMALL BUSINESS ESTABLISHMENTS (< 50 EMPLOYEES)

SOURCE: CANADIAN BUSINESS PATTERNS, STATISTICS CANADA

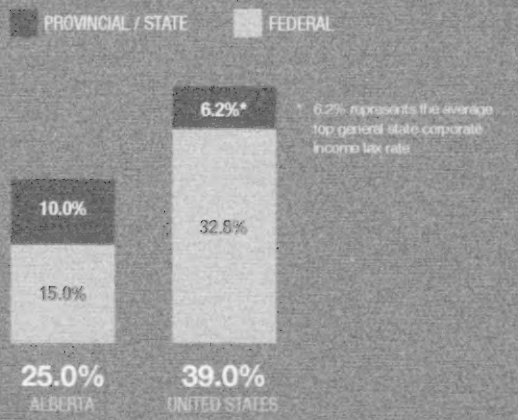
Competitive Corporate Taxes

With recent tax changes, Alberta has one of the most competitive business tax environments in North America.

- The combined federal/provincial corporate income tax rate in Alberta was 25% in January, 2014.
- By comparison, the combined average federal/state corporate income tax rate in the U.S. is 39%.
- In 2006, the Government of Alberta reduced its general corporate income tax rate to 10%. The Government of Canada also reduced the general corporate income tax rate to 15% in 2012.

COMPARISON OF CORPORATE INCOME TAXES (JANUARY 2014)

SOURCE: ALBERTA INNOVATION AND ADVANCED EDUCATION, TAX FOUNDATION AND FEDERATION OF TAX ADMINISTRATORS



Tourism in Alberta

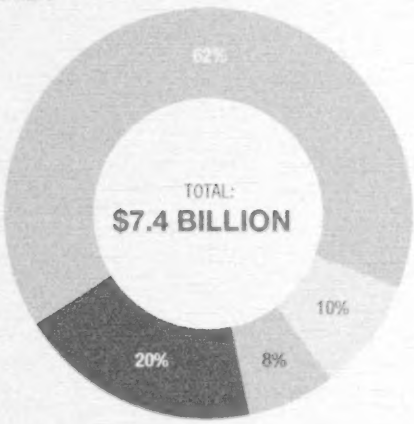
Alberta's tourism industry is comprised of many interdependent sectors including: attractions, hotels/motels, campgrounds, food service outlets, along with a range of retail and transportation services.

Tourism Statistics in Alberta:

- The total number of person visits to Alberta in 2012* was 33.1 million.
- Of the 33.1 million person visits to Alberta, residents of Alberta accounted for 85.5% of this total. Residents of other Canadian provinces accounted for 10% of all visitors, and international visitors accounted for 4.5%.
- Direct trip expenditures by these visitors exceeded $7.4 billion.
- Alberta residents accounted for 62% of the $7.4 billion in direct trip expenditures. Residents of other Canadian provinces accounted for 20% of this total, while other international visitors accounted for 10% and visitors from the United States accounted for 8%.

ALBERTA TOURISM EXPENDITURES BY VISITOR ORIGIN (2012)

SOURCE: STATISTICS CANADA AND ALBERTA CULTURE AND TOURISM



* Due to methodological changes to the 2011 Travel Survey of Residents of Canada, there is a historical break in the data series. Therefore, commencing in 2011, data for Alberta and Other Canada may not be compared with previous years.

Major inbound overnight markets

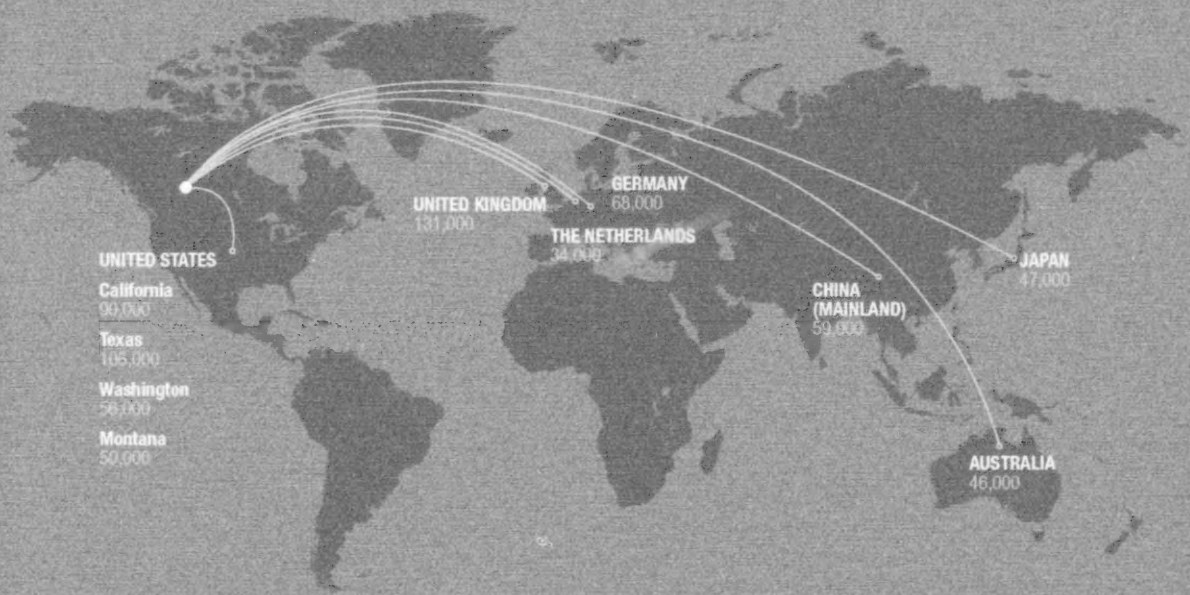
Key sources of overnight inbound travel to Alberta include neighbouring provinces, northwestern U.S., and major European and Asian markets. British Columbia is a substantive source of inbound travel to Alberta, followed by Saskatchewan, Ontario, and Manitoba. The United Kingdom generated more overnight travel in Alberta in 2012 than any American state, including Texas, California and Washington. Alberta's key inbound overnight markets are depicted below.

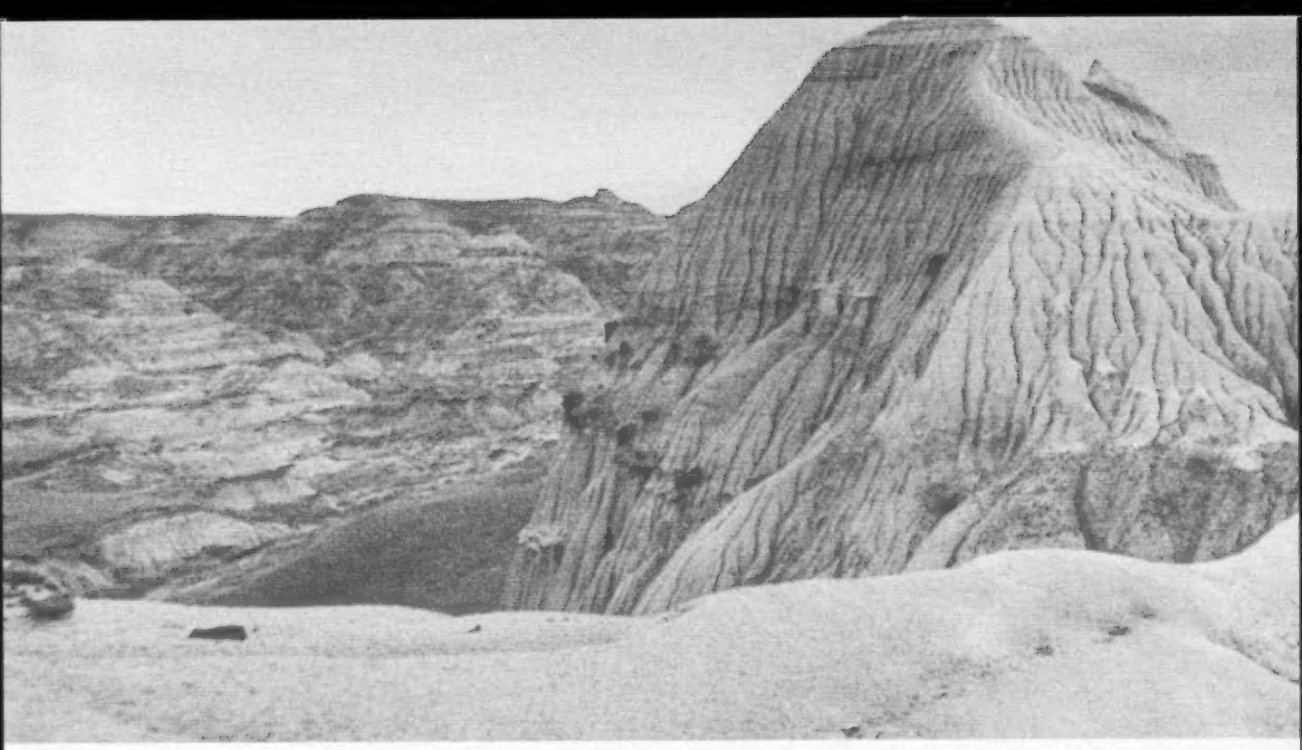
OVERNIGHT PERSON-VISITS FROM WITHIN CANADA (2012)

SOURCE: STATISTICS CANADA

OVERNIGHT PERSON-VISITS FROM OUTSIDE OF CANADA (2012)

SOURCE: STATISTICS CANADA





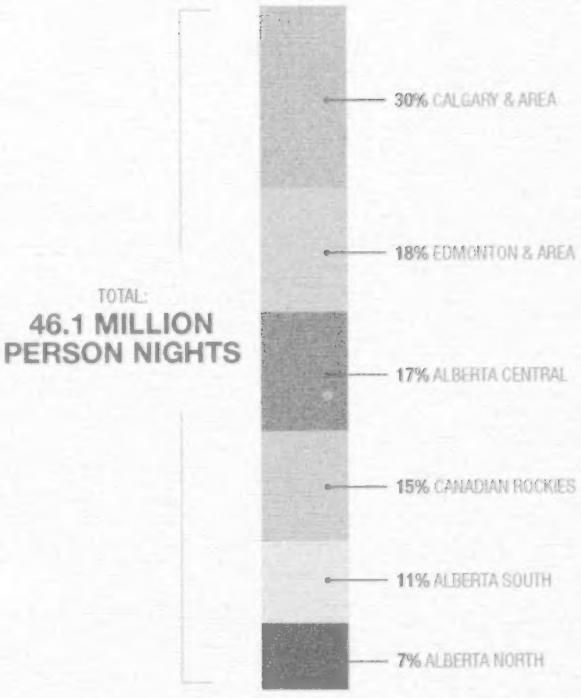
Tourism Regions in Alberta

Alberta's six Tourism Regions include: Calgary & Area, Edmonton & Area, Alberta Central, Alberta North, Alberta South, and the Canadian Rockies.

The total number of person nights spent in Alberta in 2012 was 46.1 million. The Calgary & Area tourism region was Alberta's top tourism draw in 2012, accounting for 30% of all person nights spent in the province. The remaining allocation included: Edmonton & Area (18%), Alberta Central (17%), Canadian Rockies (15%), Alberta South (11%) and Alberta North (7%).

OVERNIGHT TOURISM BY TOURISM DESTINATION REGION (2012)

SOURCE: STATISTICS CANADA AND ALBERTA CULTURE AND TOURISM



Alberta Government Supports Tourism

Tourism is an important industry in Alberta, and the government recognizes the role it plays in helping diversify the provincial economy. The government's strategic focus is on positioning Alberta as an attractive and preferred travel destination, and facilitating the development of marketable tourism experiences, new travel destinations, and a policy and regulatory environment that supports tourism.

In 2005, the government enacted the Tourism Levy Act which created a sustainable funding source for provincial tourism marketing and development programs. The four percent Tourism Levy is applied at hotels, lodges and other fixed roof accommodation, and collected and remitted to the Government of Alberta. The funds collected provide the basis for the tourism marketing and development activities carried out by Travel Alberta and the ministry responsible for tourism.

Effective April 2009, Travel Alberta became a provincial Crown corporation and continues to market Alberta as a tourism destination regionally, nationally and internationally. It also assists Alberta's tourism industry market and sell their product. Its marketing programs are based on partnership and collaboration with industry stakeholders. Funding to support the marketing efforts of Travel Alberta has grown to well over $70 million based on Tourism Levy collections.

The government announced the Alberta Tourism Framework in the fall of 2013 to establish a common vision to ensure the sustainability, growth and competitiveness of Alberta's tourism industry. This Framework focuses the province's diverse tourism industry under a strategic, long term plan for tourism that will guide both tourism marketing and development activities in a coordinated and integrated fashion. This approach will create and enhance traveller-focused experiences around the province.

The GOA offers a variety of services for those seeking to invest in and develop tourism projects in Alberta. Its interest is in helping investors and developers identify potential tourism development opportunities in the province. With its knowledge of the resources, land base and characteristics of tourist visitation across Alberta, the GOA can tailor its assistance to investor needs. Once an investor decides on a particular location in the province, the GOA will provide information for key community business contacts. The GOA's services are free of charge to qualified business developers and investors.

Tourism Related Investment Services

Some of the services available through the Government of Alberta include:

Assessing and matching investment interests and financial resources with appropriate tourism business investment opportunities.

Organizing site visits to review investment opportunities.

Introducing investors to relevant business contacts and facilitating meetings to assist with investment interests.

Availing tourism research and development information to assist with business cases or feasibility studies.

Providing detailed information on tourism sectors of interest.

Assistance with Crown land leasing opportunities through the Alberta Tourism Recreation Leasing process.

Links to the Federal Government's Business Immigration Program.

Access to tourism related investment services through the Alberta government's international office network (Singapore, New Delhi, Beijing, Shanghai, Tokyo, Hong Kong, Taipei, Seoul, Mexico City, London, Munich, Chicago and Washington D.C.).

Alberta: A Positive Business Environment

The Alberta government supports the efforts of tourism industry stakeholders to provide new and enhanced tourism experiences and destinations which drive increased demand for tourism. It achieves this by providing information and advisory services and by facilitating a business environment that supports tourism within the province.

In summary, there are a number of elements that make Alberta a good location for tourism investment and business establishment:

The lowest overall taxes in Canada.

No provincial sales tax (the only province in Canada without one).

No general capital or payroll taxes prevalent in other provinces and U.S. states.

A highly entrepreneurial and competitive business community.

A government committed to less regulation to enhance business competitiveness.

A fiscally responsible government that demonstrates to investors the business-like attitude of the government in Alberta.

A highly skilled, educated, and motivated workforce that is the most productive in Canada.

A strong science and technology culture.

World-class infrastructure to support business, including transportation, telecommunications, and utilities, as well as excellent hospitals, schools, and post-secondary institutions.

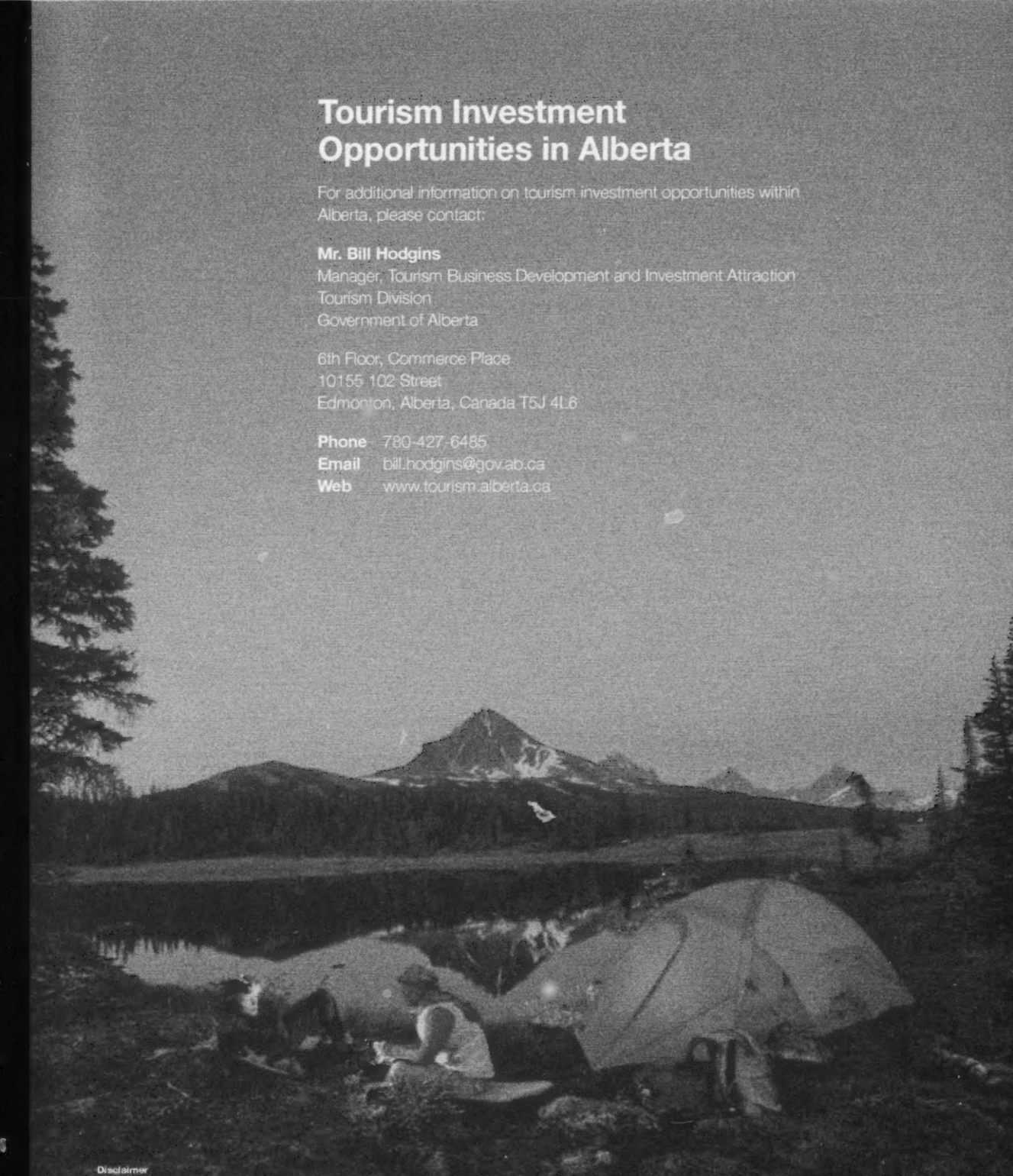
Tourism Investment Opportunities in Alberta

For additional information on tourism investment opportunities within Alberta, please contact:

Mr. Bill Hodgins
Manager, Tourism Business Development and Investment Attraction
Tourism Division
Government of Alberta

6th Floor, Commerce Place
10155 102 Street
Edmonton, Alberta, Canada T5J 4L6

Phone 780-427-6485
Email bill.hodgins@gov.ab.ca
Web www.tourism.alberta.ca



Disclaimer

Information provided in this booklet is solely for the user's information and, while thought to be accurate, is provided strictly "as is" and without warranty of any kind, either expressed or implied. The Crown, its agents, employees or contractors will not be liable to you for any damages, direct or indirect, or lost profits arising out of your use of information provided in this or the accompanying booklets.

The Government of Alberta does not endorse any of the projects contained in this or the accompanying booklets. Government has not independently reviewed or assessed the projects and expressly disclaims any duty of care to any prospective developer or investor. Further due diligence is required by any party interested in pursuing any of these projects. No inference should be drawn and no assumption should be made that any required approval by the Government of Alberta will be forthcoming in respect of any proposed project contained in this or the accompanying booklets.

Alberta Government

ISBN 978-1-4601-2042-2